



2500 M Street, NW
Washington, DC 20037-4501
(202) 462-7000

Facsimile: (202) 462-7000
www.pattonboggs.com

February 24, 2004

Richard J. Oparil
(202) 457-6496
roparil@pattonboggs.com

By Electronic Filing

Hon. Sandra S. Beckwith
U.S. District Judge
U.S. District Court for the Southern District of Ohio
Potter Stewart U.S. Courthouse, Room 810
100 East Fifth Street
Cincinnati, OH 45202

Re: *Finch, et al. v. Fiorini, et al.*
United States District Court, Southern District of Ohio
Case No. 1:02-cv-00132-SSB-TSH

Dear Judge Beckwith:

I wanted to inform the Court that an agreement has been reached between Sanitec Group LLC, Guardian Investments LLC, Stephen Ventre, certain Guardian investors and noteholders, and Sanitec Industries, Inc. This is the modified agreement that was discussed by Timothy Fischer and other plaintiffs' counsel at the November 18 and December 2, 2003 status conferences. (Docket Nos. 97-98). A copy of the agreement and the exhibits thereto are attached. Also enclosed are the signed assignment of patents and trademarks to Sanitec Industries.

Significantly, the agreement proves that other investors and noteholders essentially may "opt in" to the settlement and share in the funds that become available on a *pro rata* basis. Paragraph 12 of the Agreement provides:

Upon final execution of the Settlement Agreement, the Administrator shall notify all Unrepresented Investors of the terms of the settlement and shall allow each of them to submit a proof of claim and execute a release of claims similar to those executed by the Represented Investors. All Represented Investors and all approved Unrepresented Investors (defined as the "Settling Investors") shall be paid such sums as are

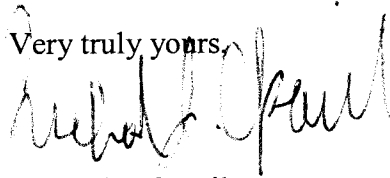


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available for distribution by the Administrator pro-rata, based upon the total amount of any unreturned investment, exclusive of interest, as of January 1, 2003. Such distributions shall be made by the Administrator from time to time as the Administrator deems appropriate.

My understanding is that the individual plaintiffs in this action represented by Mr. Singer are eligible to join the settlement.

Thank you for your attention.

Very truly yours,


Richard J. Oparil

RJO:apr

Enclosure

cc: Patrick J. Hanley, Esq. (*by Federal Express*)
William B. Singer, Esq. (*by Federal Express*)

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